Pulmonary Hypertension Association of Canada

For the year ended December 31, 2019

Report to the Board of Directors
Audit strategy and results

Purpose of report and scope

The purpose of this report dated May 5, 2020 is to engage in an open dialogue with you regarding our audit of the financial statements of Pulmonary Hypertension Association of Canada (the "Pulmonary Hypertension Association of Canada) for the year ended December 31, 2019. This communication will assist you in understanding our overall audit strategy and results. The information in this document is intended solely for the information and use of the Board of Directors and management and should not be distributed to other parties.

The purpose of our audit, our responsibilities and your responsibilities were communicated to you in our signed engagement letter dated May 31, 2019.

Audit approach

Our audit approach involves identifying and assessing risks of material misstatement of the financial statements, whether due to fraud or error. Misstatements, including omissions, are material if they could reasonably be expected to influence the economic decisions made by users based on the financial statements. Ultimately, materiality is a measure of the significance of items to financial statement users, taking both quantitative and qualitative considerations into account. Without this concept, auditors would need to verify every transaction, which would not generally be practical, useful or cost effective. We apply a materiality threshold as a basis for focusing our audit work and, ultimately, to determine what matters will be brought to your attention and what adjustments need to be made to the financial statements.

The greater the risk of material misstatement associated with an area of the financial statements, the greater the audit emphasis placed on it in terms of verification. Where the nature of a risk is such that it requires special audit consideration, it is classified as a significant risk.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected, and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with you.

Status of our audit

We have substantially completed our audit of the financial statements of the Pulmonary Hypertension Association of Canada and the results of that audit are included in this report.

Audit results

Area of focus	Matter, response and findings
Going concern risk related to impact of COVID-19	**In the period subsequent to your 2019 year end, the COVID-19 pandemic has affected operations. We have discussed the effect of this with your executive director and have determined that no adjustment is necessary to the financial statements at December 31, 2019 but that the subsequent event should be disclosed in a note to the financial statements.**
Fraud via management override of internal control	Per the Canadian auditing standards, this is a presumed significant risk. The risk relates to management's ability to override the controls surrounding financial reporting in order to report improved financial results, manipulate particular financial statement areas, or perpetrate other financial fraud. Our audit procedures included testing journal entries, testing and analyzing significant accounting estimates for evidence of management bias, and reviewing significant transactions outside the normal course of business. Our audit procedures did not uncover any significant issues.
Fraud in revenue recognition	Per the Canadian auditing standards, there is a presumed significant risk of fraud in revenue recognition. The risk is presumed to apply because past history indicates that, in financial statement frauds, revenue is an area that is commonly manipulated. Our audit procedures included testing revenue-related journal entries, determining that revenue recognition policies were reasonable based on the accounting standards followed by the corporation, and were consistently applied, and we tested revenue types to determine whether the revenue recorded was accurate and if it did occur Our audit procedures did not uncover any significant issues.
Accounting estimates	Accounting estimates include the amortization of capital assets and accruals. Amortization of capital assets is based on the prescribed rates of the entity's accounting policy for capital assets. We have adjusted amortization to account for any additional items that we capitalized during the audit. To test the completeness of liabilities, we performed a search for unrecorded liabilities, and inquired with management regarding any subsequent events, contingencies, and commitments. We found 2 invoices mainly expense reimbursements that were submitted in 2020 regarding 2019 expenses that were not recorded in the proper year. The total of $125 was small so no adjustment was considered necessary.

Area of focus	Matter, response and findings
Accounting records	We found that the opening balances for all GST/HST accounts did not agree to the 2018 closing balances as expected. It was also discovered that the GST/HST is no longer being broken into detailed accounts the reflect the province of purchase. Instead all GST/HST is posted to a single account, which creates greater difficulty in calculating the 2019 rebate. Additionally, we found that opening net assets did not agree to the 2018 closing per the issued financial statements. We proposed an adjusting entry to correct this. We also noted that accounts receivable shows a balance that does not appear to be a valid receivable of $61 and should be cleared in 2020. The accounts payable and mastercard payable accounts were inaccurate as well. The accounts payable subledger is also inaccurate in that it contains payables that were already paid. Purchases by credit card have been recorded individually in the accounts payable subledger rather than under one vendor “credit card” and then when paid they were not cleared in the subledger but rather were debited to another general ledger account called “mastercard payable” although they were never recorded there. We have proposed adjusting entries to correct this. The bank reconciliation included several items as outstanding deposits and outstanding cheques from 2018. Investigation of these outstanding transactions indicated that they were double posted and so the revenue and expenses for the year were also inaccurate. We have proposed adjusting entries to rectify this but the bank reconciliation will still require all these outstanding items to be marked as no longer outstanding. We can assist with this if you wish. As well, there are other items on the bank reconciliation that should be cleared as they offset one another.
Accuracy of financial information	The accounting function does not identify all accounts that need adjustment thereby requiring us to identify omissions, adjustments and prepare the financial statements. The accounting framework requires certain disclosure on financial statements that require specific knowledge that is too complex for a basic bookkeeper. We have proposed 13 adjusting journal entries which are reflected in the audited financial statements. We are available to assist a bookkeeper with instruction on how to avoid this in 2020 by making several entries before the audit. We have prepared the financial statements.
Deferred contributions	These amounts are subject to revenue recognition principles. The association’s revenue can either be classified as revenue earned in the current period or revenue earned in a future period. We have reviewed the composition of deferred revenue and discussed the cut-off of contribution revenue with your board as well as performed testing to determine if the revenue was accurately classified and found no exceptions.

We are required to report to you all significant findings from our audit, including: identified or suspected fraud, non-compliance with laws or regulations, unreasonable requests by management not to send confirmation requests, major adjustments to opening balances, related party matters, going concern issues and significant audit difficulties encountered. Our audit did not identify any significant findings other than those included in the table above.

Uncorrected misstatements

Our audit identified the unadjusted non-trivial misstatements noted below.

	Balance sheet			Income effect
Description	Assets	Liabilities	[Opening / Closing] equity	Earnings
To record GIC accrued interest income	$ 4,400	$ -	$ -	$(4,400)
To adjust prepaid expenses to actual as of 12/31/2019	(5,605)	-	-	$5,605
To correct sponsorship revenue recognized in 2019 but dated in 2018	-	-	(6,698)	6,698
To correct donation revenue recognized in 2018 but dated in 2018	-	-	(5,910)	5,910
To adjust for HST rebate received for 2017/18 that was greater than the amount set up as a receivable on the balance sheet	-	-	(3,277)	3,277
To record prior year reversing errors	-	-	5,118	(5,118)
Total uncorrected misstatements	$(1,205)	$ -	$(10,766)	$11,971
Percentage of financial statement amounts	(10) %	0%	(90) %	100 %

We have discussed the unadjusted misstatements with management and requested that the identified amounts be adjusted. The amounts have not been adjusted for the following reason(s):

- The amounts of the unadjusted misstatements are not material individually or in aggregate

Other matters

Internal control

We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Board of Directors those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

Based on the results of our audit, we did not identify any reportable observations.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Pulmonary Hypertension Association of Canada
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

Technical updates

We are not aware of any upcoming changes to auditing or accounting standards that are likely to have a significant impact on the Pulmonary Hypertension Association of Canada's financial reporting or the audit requirements.

Grant Thornton

Financial Statements

Pulmonary Hypertension Association of Canada

December 31, 2019

Contents

Independent Auditor's Report

Grant Thornton LLP
Suite 203
2510 Ouellette Avenue
Windsor, ON
N8X 1L4

T +1 519 966 4626
F +1 519 966 9206
www.GrantThornton.ca

To the Board of Directors of
Pulmonary Hypertension Association of Canada

Qualified opinion

We have audited the financial statements of Pulmonary Hypertension Association of Canada, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2019, current assets as at December 31, 2019, and net assets as at December 31, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Windsor, Canada
May 8, 2020

Chartered Professional Accountants
Licensed Public Accountants

Pulmonary Hypertension Association of Canada
Statement of Operations and Changes in Net Assets

Year ended December 31	2019	2018
Revenues		
Donations - unrestricted	$ 287,209	$ 105,075
Sponsorships	194,243	152,239
Donations - restricted	21,000	-
Fundraising	85,934	194,937
Membership dues	85,000	104,589
Investment income	75	2,061
Gift in kind donation	-	500
Miscellaneous	10,818	7,348
	684,279	566,749
Expenditures		
Accounting and legal fees	9,895	5,450
Awareness and promotion	33,956	29,936
Amortization	1,179	1,336
Scholarships	45,000	11,572
Translation services	6,738	4,592
Insurance	3,708	3,691
Membership dues and fees	3,074	-
Fundraising	8,447	10,073
Volunteer recognition	508	923
Conference and conference support	78,347	104,420
Rent	23,546	19,108
Miscellaneous	4,213	-
Office supplies	7,590	11,651
Printing and postage	21,828	24,677
Non-refundable portion of GST/HST	12,246	7,064
Telephone	7,380	3,929
Website	28,977	16,067
Wages and benefits	238,136	213,182
	534,768	467,671
Excess of revenues over expenditures	149,511	99,078
Net assets - unrestricted, beginning of year	313,104	214,026
Net assets - unrestricted, end of year	$ 462,615	$ 313,104

See accompanying notes to the financial statements.

Pulmonary Hypertension Association of Canada
Statement of Financial Position

December 31	2019	2018
Assets		
Current		
Cash	**$ 230,615**	$ 150,726
Restricted cash (Note 3)	**1,650**	-
Investments (Note 4)	**208,006**	7,219
Accounts receivable	**61**	-
Prepaid expenses	**31,181**	3,287
GST/HST recoverable	**2,916**	6,475
	474,429	167,707
Long-term		
Investments (Note 4)	**-**	200,788
Tangible capital assets (Note 5)	**49,299**	4,297
	49,299	205,085
	$ 523,728	$ 372,792
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 18,813**	$ 17,123
Deferred revenue (Note 7)	**42,300**	42,565
	61,113	59,688
Net assets (Note 8)	**462,615**	313,104
	$ 523,728	$ 372,792

On behalf of the board

DocuSigned by:
John Pettifor
3FC7C0AE571A419... Director

DocuSigned by:
[signature]
5AA9AC3551D7477... Director

See accompanying notes to the financial statements.

Pulmonary Hypertension Association of Canada
Statement of Cash Flows

Year ended December 31	**2019**	2018
Increase (decrease) in cash		
Operating		
Excess of revenues over expenditures	**$ 149,511**	$ 99,078
Item not affecting cash		
Amortization	**1,179**	1,336
	150,690	100,414
Change in non-cash working capital items		
Accounts receivable	**(61)**	-
Prepaid expenses	**(27,894)**	528
Harmonized sales tax	**3,559**	(3,795)
Accounts payable and accrued liabilities	**1,691**	10,379
Deferred revenue	**(265)**	(92,650)
	127,720	14,876
Investing		
Investments acquired (net)	**-**	(49,087)
Purchase of tangible capital assets	**(46,181)**	-
	(46,181)	(49,087)
Increase (decrease) in cash	**81,539**	(34,211)
Cash		
Beginning of year	**150,726**	184,937
End of year	**$ 232,265**	$ 150,726

Cash consists of:		
Cash	**$ 230,615**	$ 150,726
Restricted cash	**1,650**	-
	$ 232,265	$ 150,726

1. Organization

The Association was incorporated under the Canada Corporations Act on February 19, 1999 as a corporation without share capital and was registered as a public foundation named the Pulmonary Hypertension Society of Canada. In 2008, the name was changed to the Pulmonary Hypertension Association of Canada. While registered, the Association is exempt from income tax and may issue tax deductible receipts to donors.

The purpose of the Association is to undertake public education, patient and caregiver support, dissemination and publication of information about Pulmonary Hypertension, to advocate for all persons suffering from Pulmonary Hypertension in Canada, and to promote and provide funds for research into the cause, control and cure of Pulmonary Hypertension or the incidence therefrom.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian Accounting standards for not-for-profit organizations. Significant accounting policies are detailed below:

Revenue recognition

The Association follows the deferral method of accounting for contributions except for donations which are recorded as the funds are received. Where the use of the contributions has restrictions that have not been met by year-end, these unspent restricted contributions are recorded as deferred contributions until the restrictions are met.

Membership dues and sponsorships are recognized as revenue proportionately over the fiscal year to which they relate.

Gift in kind donations
The Association is the recipient of gift in kind donations. The Association records these donations at estimated fair market value.

Investment income
Investment income is recorded when earned.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid and for which the original maturities are less than three months.

2. Significant accounting policies (continued)

Financial assets and liabilities

Initial measurement
Upon initial measurement, the Association's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement
At each reporting date, the Association measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments in equity instruments that are quoted in an active market, which are measured at fair value and bond investments which the Association has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at amortized cost, the Association assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Association determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Donated services

The work of Pulmonary Hypertension Association of Canada depends on the voluntary services of many members. Donated services are not recorded because the fair market value is not readily determinable.

2. Significant accounting policies (continued)

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When conditions indicate that a tangible capital asset is impaired, its net carrying amount shall be written down to the asset's fair value or replacement cost. A tangible asset is not amortized until it is put into use at the Association. Amortization charges are calculated at the following annual rates:

Furniture and fixtures	30% Declining balance
Computer equipment	5 years Straight-line
Computer software	5 years Straight-line
Website	5 years Straight-line

3. Restricted cash

Restricted cash consists of funds that are restricted in that they are to be used to cover future expenditures relating to patients in British Columbia.

4. Investments

Investments represent three Guaranteed Investment Certificates (GIC) bearing interest at rates from prime minus 2.2% to prime minus 2.7% maturing from January 2020 to July 2020.

5. Tangible capital assets

			2019	2018
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture and fixtures	$ 5,578	$ 4,725	**$ 853**	$ 1,218
Computer equipment	7,344	5,079	**2,265**	3,079
Computer software	13,657	13,657	**-**	-
Website	46,181	-	**46,181**	-
	$ 72,760	$ 23,461	**$ 49,299**	$ 4,297

As of December 31, 2019, the Association's new website is not available for use and so no amortization has been recorded.

6. Secured financial liabilities

Included in accounts payable is a MasterCard credit (debit) balance of Nil (2018 - $(266)). The balance payable is secured by a $7,219 GIC included in temporary investments.

7. Deferred revenue

Deferred revenue includes a) amounts received in advance to be earned in future periods or b) amounts received for which their use has been restricted by the donors but have not been spent at year end.

	2019	2018
Sponsorships	**$ 25,000**	$ 42,565
Corporate dues	**15,065**	-
Subscriptions	**585**	-
Donations - British Columbia patients	**1,650**	-
	$ 42,300	$ 42,565

8. Net assets

The following is a breakdown of net assets:

	2019	2018
Net assets - unrestricted	**$ 413,316**	$ 308,807
Net assets - invested in capital assets	**49,299**	4,297
	$ 462,615	$ 313,104

9. Related party transactions

During the year, the Association incurred expenses for printing services totalling $12,320 excluding GST which were paid to a company that is owned by a member of the board of directors. The Association obtains quotations for similar services from comparable but arm's length suppliers and has determined the price paid to the related party is at a reduced rate. These transactions have been recorded at the exchanged amount.

10. Financial instruments

The following analysis provides a measure of the Association's exposure of risks and concentrations of risk in its financial instruments as of its year-end:

10. Financial instruments (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Interest rate risk

The Association is subject to interest rate risk (specifically fair value risk) on its fixed rate guaranteed investment certificates.

11. Subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions of businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. Fundraising and donations have been impacted at the Association during this subsequent period. As well, services and staffing have been reduced accordingly.

The Association has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, nor their impact on the financial position and results of the Association for future periods.

12. Commitments

The Association entered into a two year lease agreement of its premises for $13,689 per year, that expires April 30, 2021. In addition, the Association will receive a rent abatement of $2,700 per annum and will be responsible for paying operating costs and property taxes during this period, estimated at $9,450.

The Association also entered into a contract during 2019 for the creation of a new website. The final installment of $19,792 before GST/HST is expected to be paid in the first quarter of fiscal 2020 when the project is completed.

13. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

Pulmonary Hypertension Association of Canada
750 West Broadway, Suite 917
Vancouver BC V5Z 1H8

May 8, 2020

Grant Thornton LLP
2510 Ouellette Avenue, Suite 203
Windsor ON N8X 1L4

Dear Sir:

We are providing this letter in connection with your audit of the financial statements of Pulmonary Hypertension Association of Canada as of December 31, 2019 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Pulmonary Hypertension Association of Canada in accordance with the Canadian standards for not-for-profit organizations

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with the prescribed accounting requirements of the Canadian standards for not-for-profit organizations and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of May 6, 2020 the following representations made to you during your audit.

Financial statements

1 The financial statements referred to above present fairly, in all material respects, the financial position of the entity as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with the prescribed accounting requirements of the Canadian standards for not-for-profit organizations, as agreed to in the terms of the audit engagement.

Completeness of information

2 We have made available to you all financial records and related data and all minutes of the meetings of directors, and committees of directors, as agreed in the terms of the audit engagement. Summaries of

actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.

3 We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

4 There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. The adjusting journal entries which have been proposed by you are approved by us and will be recorded on the books of the entity.

5 There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.

6 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.

7 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.

8 We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.

9 We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.

10 You provided a non-audit service by assisting us with drafting the financial statements and related notes. In connection with this non-audit service, we confirm that we have made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the financial statements, and accept responsibility for such financial statements.

11 You provided a non-audit service by assisting us with preparing the HST public service body rebate accrual. In connection with this non-audit service, we confirm that we made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the income tax accruals and related disclosures, and accept responsibility for such accruals and disclosures.

Fraud and error

12 We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.

13 We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators or others.

14 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

15 We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

16 We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements, are reasonable and appropriate in the circumstances.

17 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.

18 All related party transactions have been appropriately measured and disclosed in the financial statements.

19 The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

20 Any business combination that occurred during the year has been properly accounted for with appropriate consideration of amounts that should be allocated to goodwill and other intangible assets.

21 Any goodwill or intangibles on the books of the entity are evaluated whenever events or changes in circumstances indicated the carrying amount may not be recoverable to determine whether or not they have been impaired, and an appropriate loss provision is provided in the accounts where there has been a permanent impairment.

22 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.

23 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

24 All “off-balance sheet” financial instruments have been properly recorded or disclosed in the financial statements.

25 With respect to environmental matters:

a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;

b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and

c) commitments have been measured and disclosed, as appropriate, in the financial statements.

26 The entity has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the entity's assets nor has any been pledged as collateral.

27 The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the entity are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the entity are considered complete.

28 There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

29 **The effects of COVID-19 in the subsequent period are considered non-adjusting events with respect to the December 31, 2019 financial statements. We still consider our financial statements to be fairly presented including, but not limited to, our asset valuations and ability to continue operating in the subsequent period.**

Other

30 We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the Company's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,

J Myrah

Jamie Myrah